



ispace
real estate

End of year 2025 Edition

UAE Real Estate Outlook

Key market shifts, pricing dynamics, and structural trends shaping the UAE property landscape

Macroeconomics



UAE

- The Central Bank of the UAE (CBUAE) recently raised its forecast for UAE real GDP growth in 2025 to **4.9 %**, up from **4.4 %**
- CBUAE anticipates hydrocarbon-sector growth of **~5.8 % in 2025**
- Non-hydrocarbon (non-oil) economy — forecast to expand by about **4.5 % in 2025**
- For H1 (first half) 2025, Dubai's GDP was about AED 241 billion, reflecting **~4.4% growth** compared with H1 2024
- Dubai recorded **11.17mln** overnight visitors in jan-jul 2025 (+5% yoy)

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
4.02 Mn Dubai Population	▲	▲
4.9% UAE Real GDP Annual Growth (Q3 2025)	▲	▲
2.1% UAE Unemployment	▼	▼

Source: IMF, World Bank, Dubai Statistics Centre

Dubai Office Sector



Average office rents 19% YoY increase

Average office rents in Dubai have climbed to AED 197 per sqft, (Dubai Prime rent = 359 AED/sq. ft.)



DIFC, One Central, Downtown, lead leasing rates race

Continued rental growth and a premium for well-located, high-spec office space with limited or no new supply



Dubai recorded a **4.4% growth** in renewal contracts, reflecting tenant retention in tight market conditions. New contract volumes fell significantly by **23.4%** year on-year.



> 94%

Grade A occupancy



Trends:

Pre-leasing trend dominates for upcoming new office supply. Until the new stock comes to market, practice of renewals continues

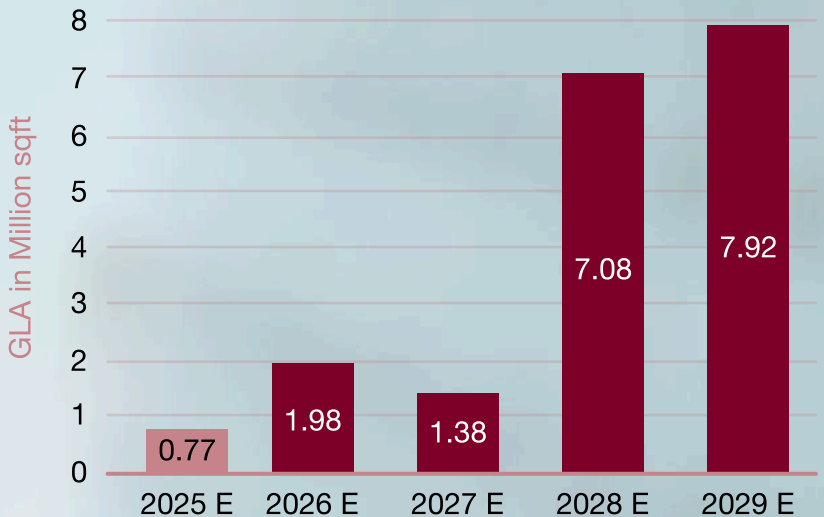


escalating occupational costs

Launch of new projects in strata model primarily located outside its core Central Business Districts. This generally doesn't meet the requirements of regional companies and large corporate tenants, but adds supply to market in specific locations (JVC, Motor City, Majan, etc)

SUPPLY

■ delivery ■ expected



Dubai Residential Sector



Market Momentum Remains Strong

Dubai’s residential sector continued to exceed expectations in 2025, supported by population growth, investor confidence, and major infrastructure expansion.



Pricing Still Rising

Sales prices increased **+12.9% y-o-y** (Apartments +12.7%, Villas +14.9%), with **+3% q-o-q growth**, confirming sustained buyer demand.



Rental Growth Moderating

Rents remain elevated at **+5.6% y-o-y**, but q-o-q growth turned slightly negative (**-0.2%**), signaling **early signs of stabilization**.



Villas Outperforming Apartments

Villas continue to lead price growth (**~15% annually**), while apartments maintain stronger rental growth traction.



Record Transaction Volumes

151,522 transactions in 9M 2025 (+20% y-o-y) with total value reaching AED 408.7bn (+29% y-o-y); Q3 marked the second consecutive record quarter.



Off-Plan Driving the Market

~75% of all transactions are off-plan, with **+27% y-o-y** volume growth and **+35% y-o-y** value growth, reflecting strong future pipeline confidence.

Dubai Residential Sector



Rapid Supply Expansion Ahead

~320,000 new units expected by 2029 (64,000 per year), presenting both long-term growth upside and near-term absorption risk.



Ready Market More Stable

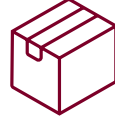
Secondary/ready transactions show moderate volume growth (+5%), though Q3 saw a slight volume dip (-3% y-o-y) despite rising values.



Affordability Emerging as a Key Risk

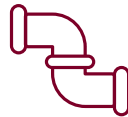
Population now exceeds 4 million, with ~9,800 new millionaires expected in 2025 boosting luxury demand; however, affordability pressure on middle-income residents is intensifying, prompting government intervention.

Dubai Retail Sector



New retail supply remains tight in 2025

With limited completions in Dubai and Abu Dhabi; the next major delivery is Aldar's Grove (~51,000 sqm) in H1 2026, while smaller phased retail components continue through 2027.



Medium-term pipeline is substantial

From 2025–2027, around **400,000 sqm** of GLA in Dubai and **300,000 sqm** in Abu Dhabi are expected, supporting long-term growth but easing current supply pressure.



Leasing demand is firm and high-profile deals continue

Including new luxury and international brand entries, major mall relocations, and strategic regional retail investments.

Dubai Retail Sector



Occupancy remains exceptionally high

97% in Dubai and 95% in Abu Dhabi, giving landlords strong pricing power and limiting tenant negotiation flexibility.



Rental growth remains positive but moderating

Dubai **rents up 5.3% y-o-y**, while Abu Dhabi **eased to 3.3%**, reflecting stabilization after previous highs amid continued tourism and population growth.

UAE Industrial Sector



Strong Rental Growth

Industrial rents continue rising year-on-year—up 18% in Dubai and 12% in Abu Dhabi—driven by tight supply and solid occupier demand.



Significant New Supply Coming

Multiple large-scale projects are under development, including Aldar Logistics Centers – NIP with phased completions from 2026 onward, and Terralogix in Warsan expected to deliver 50,000+ sqm in Phase 1 by H2 2026.



Shift Toward Institutional Capital

The sector is seeing rising interest from major global investors, signalling a more mature and competitive industrial and logistics landscape.



Major Strategic Partnership

Blackstone and Lunate launched the GLIDE platform, aiming to invest US\$5 bn in Grade-A logistics across the GCC, focusing on greenfield projects, acquisitions, and sale-and-leaseback transactions.



Tesla Expansion

Tesla will open its first Experience Centre in Abu Dhabi (Yas Island), including a delivery hub and service facilities—highlighting demand for EV-related logistics.



New Industrial Hub in RAK

SC Capital Partners and CapitaLand launched a project in RAKEZ, delivering a 300,000+ sqm industrial park with 1,800 jobs, boosting RAK's role in the industrial sector.

UAE Industrial Sector



E-commerce & Manufacturing Driving Demand

Market activity is increasingly supported by last-mile logistics, EV servicing needs, and expanding manufacturing operations across the UAE.



Rents Increasing Across Submarkets

Rental growth is visible across all major industrial zones in Dubai (JAFZA, Dubai South, DIP, Industrial City, etc.) and Abu Dhabi (ADAFZ, Al Markaz, ICAD, KEZAD, Mussaffah), with consistent upward trends through Q3 2025.



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